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PSC TO HOLD MEETING MARCH 4 ON MOUNTAIN WATER CO. ISSUES

The state Public Service Commission will hold a hearing March 4 in Missoula on an agreement proposed by Mountain Water Company and the two major parties in the company's pending rate case that would result in \$50,000 in additional annual revenue for the company over current rates. Immediately after the hearing, PSC Commissioner Bob Rowe will meet with company officials and other interested persons to discuss the ownership of and responsibility for water service lines.

The hearing will begin at 11 a.m. at the Missoula city council chambers in City Hall, 435 Ryman. Public comment on the proposal will be heard beginning at noon.

Mountain Water, the City of Missoula and the Montana Consumer Counsel, which represents residential and small business customers in cases before the PSC, submitted a proposal for PSC consideration to authorize Mountain Water to increase rates in order to generate an annual revenue increase of \$907,450 over the rates in place at the time of the company's initial rate hike request last May.

The company originally requested an annual revenue increase of \$1.6 million when it filed its rate case, and last September the PSC granted an interim rate increase to generate \$857,386 in additional annual revenues. The proposed agreement would provide Mountain Water an additional \$50,064 in annual revenues above the rates approved in the interim order.

According to the company's filing, the reason for the rate hike request was the company's need to recover \$6.72 million in infrastructure investments, which included connecting the stand-alone water systems of East Missoula and the Momont/Airport area to the main Missoula water system. Other investments included the costs of looping, replacement and installation of new mains to improve or correct water quality, water flows, leakage and redundancy of flow for domestic and fire flows.

After the hearing on the rate proposal, Commissioner Rowe and interested persons, including company officials, will discuss whether it would be in the public interest to change the current ownership of and responsibility for water service lines. The issue arose in the wake of the 1997 Legislature's repeal of the law which imposed on private water utilities part of the cost of maintaining water service lines from the main to the customer property line. As a result of the repeal, customers of private water utilities like Mountain Water bear the entire expense of installing and maintaining that portion of the water service line.

Mountain Water has suggested to the PSC that it might be in the public interest for water utilities to own and maintain service lines from the main to the customer property line.

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